

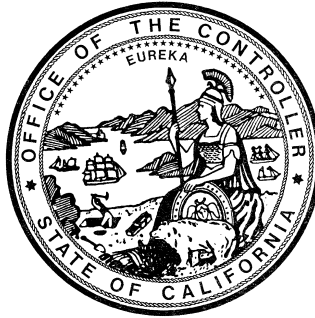
FRESNO UNIFIED SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983

July 1, 1999, through June 30, 2002



STEVE WESTLY
California State Controller

February 2005



STEVE WESTLY
California State Controller

February 18, 2005

Santiago Wood, Ed.D., Superintendent
Fresno Unified School District
2309 Tulare Street
Fresno, CA 93721

Dear Dr. Wood:

The State Controller's Office audited the claims filed by the Fresno Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002.

The district claimed \$943,847 for the mandated program. Our audit disclosed that \$525,676 is allowable and \$418,171 is unallowable. The unallowable costs occurred because the district distributed initial truancy notifications that did not contain the specified elements required by the mandate. The State paid the district \$672,900. The amount paid exceeds allowable costs claimed by \$147,224.

If you disagree with the audit finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site at www.csm.ca.gov (Guidebook link) and IRC forms by telephone at (916) 323-3562 or by e-mail at csminfo@csm.ca.gov.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

Original Signed By:

VINCENT P. BROWN
Chief Operating Officer

VPB:JVB/jj

cc: (See page 2)

cc: Paul Disario, Ed.D.

Associate Superintendent/Chief Financial Officer
Fresno Unified School District

Jacquie Canfield

Administrator, Fiscal Services
Fresno Unified School District

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Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by the Fresno Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002. The last day of fieldwork was January 6, 2004.

The district claimed \$943,847 for the mandated program. Our audit disclosed that \$525,676 is allowable and \$418,171 is unallowable. The unallowable costs occurred because the district distributed initial truancy notifications that did not contain the specified elements required by the mandate. The State paid the district \$672,900. The total amount paid exceeds allowable costs claimed by \$147,224.

Background

Education Code Section 48260.5 (added by Chapter 498, Statutes of 1983) requires school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means of (1) the pupil's truancy; (2) that the parent or guardian is obligated to compel the attendance of the pupil at school; and (3) that parents or guardians who fail to meet this obligation may be guilty of an infraction and be subject to prosecution.

Additionally, the district must inform parents and guardians of (1) alternative educational programs available in the district and (2) the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy. A truancy occurs when a student is absent from school without a valid excuse for more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year, according to *Education Code* Section 48260. A student shall be initially classified as truant upon the fourth unexcused absence, after which the school must complete the requirements mandated in *Education Code* Section 48260.5.

On November 29, 1984, the State Board of Control (now the Commission on State Mandates [COSM]) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under *Government Code* Section 17561.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. COSM adopted the *Parameters and Guidelines* on August 27, 1987, and last amended it on July 22, 1993. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

Objective, Scope, and Methodology

Our audit objective was to determine whether costs claimed are increased costs incurred as a result of the Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002.

We performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;
- Confirmed that the costs claimed were not funded by another source; and
- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

We conducted our audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

We limited our review of the district's management controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

The audit disclosed an instance of noncompliance with the requirements outlined above. This instance is described in the accompanying Summary of Program Costs (Schedule 1) and in the Finding and Recommendation section of this report.

For the audit period, the Fresno Unified School District claimed \$943,847 for costs of the Notification of Truancy Program. Our audit disclosed that \$525,676 is allowable and \$418,171 is unallowable.

For fiscal year (FY) 1999-2000, the district was paid \$342,000 by the State. Our audit disclosed that \$195,998 is allowable. The district should return \$146,002 to the State.

For FY 2000-01, the district was paid \$202,980 by the State. Our audit disclosed that \$114,430 is allowable. The district should return \$88,550 to the State.

For FY 2001-02, the district was paid \$127,920 by the State. Our audit disclosed that \$215,248 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$87,328, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft report on October 28, 2004. Paul Disario, Associate Superintendent/Chief Financial Officer, responded by letter dated December 2, 2004, disagreeing with the audit results. This report includes the district's response.

Restricted Use

This report is solely for the information and use of the Fresno Unified School District, the Fresno County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original Signed By:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

Schedule 1— Summary of Program Costs July 1, 1999, through June 30, 2002

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments ¹</u>
<u>July 1, 1999, through June 30, 2000</u>			
Number of initial truancy notifications	27,964	16,026	(11,938)
Uniform cost allowance	<u>× \$12.23</u>	<u>× \$12.23</u>	<u>× \$12.23</u>
Total costs	<u>\$ 342,000</u>	<u>\$ 195,998</u>	<u>\$(146,002)</u>
Less amount paid by the State		<u>(342,000)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$(146,002)</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Number of initial truancy notifications	15,945	8,989	(6,956)
Uniform cost allowance	<u>× \$12.73</u>	<u>× \$12.73</u>	<u>× \$12.73</u>
Total costs	<u>\$ 202,980</u>	<u>\$ 114,430</u>	<u>\$(88,550)</u>
Less amount paid by the State		<u>(202,980)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$(88,550)</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Number of initial truancy notifications	30,896	16,673	(14,223)
Uniform cost allowance	<u>× \$12.91</u>	<u>× \$12.91</u>	<u>× \$12.91</u>
Total costs	<u>\$ 398,867</u>	<u>\$ 215,248</u>	<u>\$(183,619)</u>
Less amount paid by the State		<u>(127,920)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$(87,328)</u>	
<u>Summary: July 1, 1999, through June 30, 2002</u>			
Total costs	<u>\$ 943,847</u>	<u>\$ 525,676</u>	<u>\$(418,171)</u>
Less amount paid by the State		<u>(672,900))</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$(147,224)</u>	

¹ See the Finding and Recommendation section.

Finding and Recommendation

FINDING— Non-compliant initial truancy notification forms claimed

During the audit period, the district claimed \$943,847 for 74,805 initial truancy notification forms. Of this amount, \$418,171 claimed for 33,117 notification forms distributed to parents or guardians was not reimbursable because the notification forms did not contain the specified elements required by the mandate. Our audit revealed that, upon a student being classified as initially truant with three unexcused absences, a standard notification letter was distributed to the pupil's parent or guardian. The standard letter included only two of the five elements required by the mandate; therefore, costs claimed for these truanancies are unallowable.

For the remaining 41,668 notifications claimed, two letters were distributed for each pupil, the first when the student was classified as initially truant after three unexcused absences, and a second when the pupil had additional unexcused absences. We selected a statistical sample from the population of second notifications for each year, based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We used a statistical sample, so the sample results could be projected to the population. The standard second letter contained all five of the required elements. The district provided documentation supporting the number of second notifications distributed to pupils' parents or guardians. Consequently, costs claimed for these truanancies, totaling \$525,676, are allowable.

A summary of adjustments for non-compliant notification forms claimed is as follows:

	Fiscal Year			
	1999-2000	2000-01	2001-02	Total
Number of non-compliant initial truancy notifications claimed	(11,938)	(6,956)	(14,223)	<u>(33,117)</u>
Claimed uniform costs allowance	<u>× \$12.23</u>	<u>× \$12.73</u>	<u>× \$12.91</u>	
Audit adjustment	<u>\$ (146,002)</u>	<u>\$ (88,550)</u>	<u>\$ (183,619)</u>	<u>\$ (418,171)</u>

Parameters and Guidelines, as amended by the Commission on State Mandates, allows the district to be reimbursed for claimed costs if the initial truancy notification forms distributed to the pupil's parent or guardian contain five specified elements. *Education Code* Section 48260.5 was amended by Chapter 1023, Statutes of 1984, (effective January 1, 1995) to require eight specified elements. However, since *Parameters and Guidelines* has not been amended, the claimant continues to be reimbursed if it complies with the five specified elements in the guidelines.

Parameters and Guidelines, Section I, requires school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian, by first-class mail or other reasonable means, of (1) the pupil's truancy; (2) the parent's or guardian's obligation to compel the attendance of the pupil at school; and (3) that parents or guardians who

fail to meet this obligation may be guilty of an infraction and subject to prosecution pursuant to Article 6 (commencing with Section 48290) of Chapter 2 of Part 27. Furthermore, the guidelines provide that a district must inform parents and guardians of (1) alternative educational programs available in the district and (2) the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

Parameters and Guidelines, Section VII, requires that, for audit purposes, documents must be kept on file for three years from the date of final payment by the State Controller.

Recommendation

We recommend the district develop and implement an adequate accounting and reporting system to ensure that it claims only initial truancy notifications distributed to the pupil's parent or guardian that contain all required elements. Although *Parameters and Guidelines* requires the notification to contain only five specified elements for the district to be subject to reimbursement, *Education Code* Section 48260.5 requires the notification to contain eight specified elements for the district to comply with statutory requirements.

District's Response

This letter is in regards to the offset of the Habitual Truancy Letters for fiscal years 1999/00, 2000/01, and 2001/02 for the Notice of Truancy Letters.

The initial audit began on January 13, 2003, for the Notice of Truancy Audit. During the audit it was discovered that Fresno Unified did not have all components in the Notice of Truancy, but as noted by the State Controller Office the letter sent out for Habitual Truancy fulfilled these requirement. This concept was presented in a phone conference with Chris Prasad and Amy Cheung. The draft report does not mention this item.

The last communication with the State Controller's office before the draft report was in January 2004. We were asked to gather 30 sample letters from the habitual truancy list that was sent to the State Controller's office on November 2003.

While preparing a response to the draft audit we learned the original files sent to the State Controller's office included student records outside of the designated years. We had our Technology Services Department run the correct list, which is attached in electronic form for your review. This new list excluded two students from the sample list of 30—since they were not from the designated years. In a separate letter, we have attached the remaining 28 letters from the sample list.

On the following page is an analysis that shows how much the District can claim for the Notice of Truancy Claim minus the Habitual Truancy Mandate. If we were able to offset the claim with the habitual truancy notifications, the District would be allowed to offset the disallowance by \$423,474.

Fiscal Year	Original Notice of Truancy	Habitual Notice	Notice of Truancy Rate	Revised Notice of Truancy of Gross Claim Amt.	Reduce from Habitual Mandate-Making a Conscientious Effort to Schedule a Parent Conference	Able to Claim for Notice of Truancy
2001/02	398,867	15,356	12.91	198,246	22,086	176,160
2000/01	202,980	7,947	12.73	101,165	12,900	88,265
1999/00	342,000	15,310	12.23	187,241	28,192	159,049
TOTAL	943,847	38,613		486,652	63,178	423,474

Fresno Unified did in good faith implement the Notice of Truancy by sending out letters. Unfortunately, the letters were missing 3 of the 5 elements within the letter. To reduce the claim to zero shows that the District did not incur any costs to implement the mandate, when in fact we can offset the claim with the habitual truancy letter of \$423,474.

Fresno Unified claimed \$943,847 and has received \$672,900 against that claim. We believe the claim should be revised to \$423,474 for these years and that Fresno Unified should return \$249,426 to the State for the discrepancies.

SCO's Comment

The finding and recommendation for the unsupported notifications have been revised, based on the additional information provided by the district for FY 1999-2000 through FY 2001-02. The finding as it relates to the non-compliant notifications issued remains unchanged.

After the issuance of the draft audit report, the district provided notification letters to support the number of second notifications that contained all five of the required elements. The district responded that, of the \$943,847 claimed, \$423,474 should be allowable. However, our review revealed that \$525,676 should be allowable, a difference of \$102,202. The final report has been revised to allow \$525,676 in costs, resulting in unallowable costs of \$418,171.

**Attachment—
District's Response to
Draft Audit Report**



**FRESNO UNIFIED
SCHOOL DISTRICT**

Education Center, 2309 Tulare Street
Fresno, California 93721-2287
(559) 457-3000

Document # 13 Page 2/5
Auditor ac Date JAN 15 2005
Reviewer _____ Date _____

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Tony Vang, Ed.D.

INTERIM SUPERINTENDENT

Walt Buster, Ed.D.

December 2, 2004

Mr. Jim L. Spano, Chief, Compliance Audits Bureau
State Controllers' Office-Division of Audits
300 Capitol Mall, Suite 518
Sacramento, CA 95814

Dear Mr. Spano:

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For PSSC, See Work Paper # 13 1/5

An Equal Opportunity Employer

Mr. Jim L. Spano
 Page 2
 December 2, 2004

Fiscal Year	Original Notice of Truancy	Habitual Notice	Notice of Truancy Rate	Revised Notice of Truancy of Gross Claim Amt.	Reduce from Habitual Mandate-Making a Conscientious Effort to Schedule a Parent Conference	Able to Claim for Notice of Truancy
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Sincerely,



Paul C. Disario
 Associate Superintendent/CFO

Attachments

- c: Walt Buster, Interim Superintendent
 Paul Disario, Associate Superintendent/CFO
 Jacquie Canfield, Fiscal Services Administrator
 Bob Pankratz, Students Services Administrator

For PSSC, See Work Paper # 10 1/5

An Equal Opportunity Employer

**State Controller's Office
Division of Audits
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<http://www.sco.ca.gov>